

**REMARKS**

Applicant appreciates the time taken by the Examiner to review Applicant's present application. This application has been carefully reviewed in light of the Official Action mailed October 19, 2004. Applicant respectfully requests reconsideration and favorable action in this case.

**REJECTIONS UNDER 35 U.S.C. § 112**

Claims 46-55 have been rejected under 35 USC § 112 second paragraph as being indefinite for failing to particularly point out and distinctly claim the subject matter which Applicant regards as his invention. The Examiner specifically states that "claim 46, line 11, phrase "said client" is not clear as to whether or not it is a "master client" previously referenced in lines 3 and 4. Further, in Claim 47, line 3, the phrase "said particular client" is not clear as to whether it is the "master client" or "said client" previously referenced from claim 46."

Applicant respectfully submits that "a master client database" includes information relating to the inventory of "particular clients." Therefore, "master client" describes a database and a "particular client" describes an individual client whose information is contained the database. Therefore, Applicant has amended Claim 46 to more clearly claim "a particular client." However, Applicant has made no amendment to Claim 47 as the reference to a "particular client" is believed to be sufficiently clear such that one can differentiate whether or not an individual is referring to a "particular client" or a "database," wherein the "database" is a "master client" database.

Claims 47-55, as amended, depend from amended Claim 46, as such, Applicant respectfully requests the Examiner withdraw the rejections under 35 USC § 103 and allow Claims 46-55.

**REJECTIONS UNDER 35 U.S.C. § 103**

Claims 46-55 stand rejected under 35 USC § 103 as being unpatentable over Diamond et al., U.S. Patent No. 6,370,515. The Examiner states:

Diamond discloses an inventory management system, e.g., 10, 62 through a global computer network, e.g. 48, comprising local databases, e.g. 63, a master database, e.g. 53, 66, and a product, e.g. demand factors, that may be

geographically distributed. Diamond does not specifically disclose the terms of one server or local server.

Applicant respectfully submits that Diamond et al. can clearly be distinguished from the claimed invention. Diamond, et al. provides a system and method for automating and coordinating a bulk shipping terminal while the claims invention shares an inventory management system amongst a number of clients in order to achieve a more efficient utilization of resources.

Although Diamond may disclose an inventory management system implemented with a global computer network having local and mater databases, Diamond, et al. fails to teach a system and method for providing direct channel distribution that bypasses the distributors, middleman and retailers which use the bulk terminal automation system provided by Diamond, et al. Rather, the claimed invention provides particular clients the ability to establish and expand direct distribution and sales channels using a shared direct channel distribution system. This allows individual clients to expand their distribution of products on an incremental or variable cost basis. This is achieved by sharing the resources of the inventory management system as claimed in amended Claim 46. Applicant respectfully submits that amended Claim 46 more clearly calls out a shared system for inventory management.

Applicant further submits that Diamond, et al. alone or in combination with U.S. Patent No. 6,640,238 issued to Bowman, et al., U.S. Patent No. 6,587,837 issued to Spagna, U.S. Patent No. 6,587,827 issued to Hennick, et al., U.S. Patent No. 6,253,187 issued to Fox, U.S. Patent No. 5,212,640 issued to Abdelnur, et al., U.S. Patent No. 6,061,681 issued to Collins, or U.S. Patent No. 5,712,989 issued to Johnson, disclose a shared inventory system that allows individual clients to increase or expand their distribution incrementally on a variable costs basis.

Applicant respectfully submits that as the cited prior art fails to teach that multiple clients may share a direct channel distribution system that permits a business to expand distributions of its product on an incremental variable cost basis through increased efficiency realized by the sharing of resources in this case the system for inventory management. Applicant therefore respectfully requests that the Examiner reconsider and withdraw the rejections to allow claims 46-55.

Claims 47-55, as amended, depend from Claim 46, and are patentably distinct as a further limitation upon Claim 46. As such, Applicant respectfully requests the Examiner withdraw the rejections and allow Claims 47-55.

**CONCLUSION**

Applicant has now made an earnest attempt to place this case in condition for allowance. For the foregoing reasons and for other reasons clearly apparent, Applicant respectfully requests full allowance of Claims 46-55.

Should the Examiner have any questions or desire clarification of any sort, the Examiner is invited to telephone the undersigned at the number listed below. Please reference Attorney Docket No. 1736:219.

Respectfully submitted,

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